BEST AVAILABLE COPY

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: John F. Acres et al.

09/373,034

Examiner: Jessica Harrison

Confirmation No. 2149

Serial No.

Filed: August 11, 1999 Group Art Unit: 3714

For: METHOD FOR OPERATING NETWORKED GAMING DEVICES

Commissioner for Patents P.O. Box 1450 Alexandria, VA 22313-1450

RESPONSE TO OFFICE ACTION

This amendment is responsive to the Office Action mailed April 17, 2003. Claims 1-23 are pending in this reissue application.

First, with respect to the status of litigation, attached is a one-page copy of a Judgment in a Civil Case in the U.S. District Court for the District of Nevada, Case No. CV-S-97-1883-EJW (LRL) and a three-page Special Verdict Form from the same case. The jury found that the accused infringer, Mikohn Gaming Corporation, failed to prove by clear and convincing evidence that claim 1 of U.S. Patent No. 5,655,961 was invalid. This was the only claim of the '961 patent that was submitted to the jury for a validity decision. This judgment was entered March 29, 2001.

Second, concerning Consent of Assignee, applicant submits herewith a consent of Acres Gaming, Inc. Also attached are photocopies of documents recorded in the U.S. Patent and Trademark Office at Reel 011190, Frames 0933-0961. They comprise two documents that each grant security interests in the patent that is the subject of this reissue application. Rule 172 requires that a reissue application be accompanied by "the written consent of all assignees, if any, owning an undivided interest in the patent..." As can be seen, paragraph 2 in each of the attached recorded agreements merely grants a security interest in the patent. Furthermore, paragraph 4 in each of the agreements provides that the debtor (Acres Gaming)

"shall be permitted to control and manage the Patents . . . including the right to exclude others from making, using or selling items covered by the Patents . . . and any licenses thereunder, in the same manner and with the same effect as if this Agreement had not been entered into, so long as no Event of Default occurs and remains uncured."

Because there is no uncured event of default, the secured party in each of the enclosed agreements does not own an undivided interest in the patent and therefore need not submit a written consent.

Applicant submits the original copy of US Patent No. 5,655,961 with this application.

For the foregoing reasons, reconsideration and allowance of claims 1-23 of the application is solicited. The Examiner is encouraged to telephone the undersigned at (503) 222-3613 if it appears that an interview would be helpful in advancing the case.

Respectfully submitted,

MARGER JOHNSON & McCOLLOM, P.C.

Alan T. McCollom Reg. No. 28,881

MARGER JOHNSON & McCOLLOM 1030 SW Morrison Street Portland, OR 97205 (503) 222-3613

Under the Paperand	
REISSUE APPLICATION: CONSENT OF ASSIGNEE; This is not a series and the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to respond to a college of the Paperwork Reduction Act of 1995, no persons are required to a college of the Paperwork Reduction Act of 1995, no persons are required to a college of 1995, no persons are required to a college of 1995, no persons are required to a college of 1995, no persons are required to a college of 1995, no persons are required to a college of 1995, no persons are required to a college of 1995, no p	
STATE OF COMMENTAL OF THE STATE	Approved for use through 01/31/2004. OMB 0651-0033 ction of information unless it displays a valid OMB control number.
STATEMENT OF NON-ASSIGNMENT This is an at the state of t	DOCKAA Union unless it displays Business OF COMMEDIA
TIN-ASSIGNMENT	Docket Number (Optional)
I his is part of the application	4164-133
Name of Patentee(s)	
Toba =	Instant
Patent Number - Acres et al.	Patent identified below
I THE OT In .	
METHOD FOR OPERATING NEIWORKED GAMING DEVICES 1. X Filed herein in	Patent Issued Igust 12, 1997
NEIWORKED CAMPA	342 12, 1997
1. X Filed by	
ned herein is a statement under an	
1. X Filed herein is a statement under 37 CFR 3.73(b). (Form	The state of the s
2. Ownership at a	(O/SB/96)
patent is in the in	1
One of hove	naw .
One of boxes 1 or 2 above must be checked. If multiple and	ment of the patent is in effort
The write-	an enect
One of boxes 1 or 2 above must be checked. If multiple assignees, complete to box 2 is checked, skip the next entry and go directly to "Name of Assignees patent is included in this application for reissue.	te this form form
application for seventors owning and inventors owni	
Telssue. andivided into	Prest in the
The written consent of all assignees and inventors owning an undivided into	onginal
The again	1
The assignee(s) owning an undivided interest in said original patent is/are and the assignee(s) consents to the accompanying application for reissue. Name of assignee/inventor (s	1
assignee(s) consents to the participation of the pa	
accompanying application for	
Name of assignee/inventor (if not assigned)	Cres Gaming, Inc.
if not assigned	
Signature	AVAILAB
3 rating	<u>></u>
Typed or printed name and title of person signing for assignee (if assigned) President Date Date Date	<u> </u>
Preside Schoelder of person significant	
President Signing for assigned (if assigned)	(15/123 Fin
(self-ineg)	$\frac{1}{2}$
This collection of	СОРУ
This collection of information is required by 37 CFR 1.172. The information is required to obtain or retain a beautiful process) an application. Confidentiality is governed by 35 U.S.C. 122 and 37 CFR 1.144 and	ק ן
puccess) an application. Confidentiality is governed by 35 U.S.C. 122 and 37 CFR 1.142. Trademark Office, U.S. Department of the purpose of	<
Trademark Office, U.S. Department this form sometiment of the complete this form some the source of	

This collection of information is required by 37 CFR 1.172. The information is required to obtain or retain a benefit by the public which is to file (and by the USPTO gathering, and submitting the completed application form to the USPTO. Time wall vary depending upon the take 6 minutes to complete this form and/or suggestions for reducing this burden, should be sent to the Chief Information Officer, U.S. Department of Commerce, P.O. Box 1450, Alexandria, VA 22313-1450. Do NOT SEND FEES OR COMPLETED FORMS TO THIS

ESTEDED AND	1 · 1 · 1 · 1 · 1 · 1 · 1 · 1 · 1 · 1 ·
SERVED	
HR 2 9 2001	
5/85)	Judgment in a Civil Case & Kn 74 106 H 10
DISTRICT OF NEVASER	i la disconsi
BY Chel DESTRICT	ED STATES DISTRICT GOURT
$O \cdot O$	The feet
李米华本华	DISTRICT OF (NEVADA
MIKOHN GAMING COR	PORATION, ETAL, JUDGMENT IN A CIVIL CASE
Plaintiff	s ,
v.	CV-S-97-1883-EJW(LRL)
ACRES GAMING, INC	
notice officially file	., 2141,
Defendant	s.
the Court. The it's special v Decision by Condecision has been IT IS ORDERED Mikohn Gaming Cor	rendered. AND ADJUDGED that judgment is entered against poration, et al and in favor of Acres Gaming.
Inc., in the amou	nt of \$1,500,000.00 for damages.
<u>March 29, 2001</u> Date	Clerk Deputy Clerk,
A 450 (Rev. 5/65) Jud	gment in a Civil Case ⊕

[25570-0023/Document3]

1 2 **ENTERED AND** 3 SERVED 4 MAR 29 2001 5 6 CLERK U.S. DISTRICT COL DISTRICT OF NEVADA 7 8 9 10 11 UNITED STATES DISTRICT COURT 12 DISTRICT OF NEVADA 13 NO. CV-S-98-1462-EJW (LRL) ACRES GAMING INC., 14 (Base File) Plaintiff. 15 NO. CV-S-97-1383-EJW (LRL) (Base File) v. 16 17 MIKOHN GAMING CORPORATION; and SPECIAL VERDICT FORM CASINO DATA SYSTEMS, 18 Defendants. 19 20 21 22 23 24 25 26 27 28

	11				
	We, th	ne jury, find as follow	<i>r</i> s:		
2					
3	VALIL	OITY .			,
4	1.	U.S. Patent No. 5,65	55,961	1	•
5		Has Milesha proven	by clear and convin	oina aridonoo thd	t alaim 1 of
6		U.S. Patent No. 5,65	by clear and conving 55,961 is invalid?	cing evidence dia	r claimt 1 of
7			Yes	, N	• <u> </u>
8			103		<u> </u>
9	2.	U.S. Patent No. 5,75	52,882		
10		·		i	1.0 - 6.11
11			by clear and convint at No. 5,752,882 are		t me tonowing
12		Claim 10:	Yes	Ήτ	. ×
13				. , 18	。 <u>×</u>
14		Claim 11:	Yes		°
15		71 G D	20.450	1	
16	3.	U.S. Patent No. 5,82	20,459	1	
17			by clear and convince	cing evidence tha	t claim 1 of
18		U.S. Patent No. 5,82	20,439 is mvand?	-	\
19			Yes	No	·_X_
20				ì	
21	4.	U.S. Patent No. 5,83	36,817	•	
22			by clear and convinc		t the following
23		claims of U.S. Paten	t No. 5,836,817 are:	invalid?	
24		Claim 1:	Yes	No	· _X
25		Claim 21:	Yes	No	<u> </u>
26		Claim 24:	Yes	No	, \.
27					~
28		Claim 29:	Yes	No	,——
	l .			1	

1	0			
1	INFRI	NGEMENT		
2	_	TIC Detect No. 5 655 061		
3	5.	U.S. Patent No. 5,655,961		
4			ponderance of the evidence I has been infringed by Mik	
5		0.0.1	- -	•
6			Yes	No
7				<u> </u>
8	6.	U.S. Patent No. 5,836,817		?
9	Ì		ponderance of the evidence	
10		claims of U.S. Patent No.	5,836,817 have been infring	ed by Mikolm?
11		Claim 1:	Yes	No
12		Claim 21:	YesYes	No
13		Claim 24:	YesX	No _
14		O1 : 20.	Yes	
15		Claim 29:	Yes	No _
16	7.	If you have found any claim the infringement was willful	m to be both valid and infri	nged, state whether
17		J	·	<u> </u>
18			Yes	No X
19				
20	8.	If you have found any clair Acres' damages:	m to be both valid and infri	nged, state the amount of
21			s), 500,000.	:
22			1,500,000	
23			,	
24			~ 11.1	,
25) 1		$a \mid .$
26	Date:	3/37/01	Signature /	Hol
27		′ '	Forep	erson
28				
	п			

[25570-0023/Document3]

28-0() 02:07P FORM P10-1619A	11-03-2000	U.S. Department of Company
(Basing 08/3099) Colds 1661-0027	10,502223	PATENT
en e	RECORDATION FORM COVER SHEET	
es signification still the marks well in a other than the second of the Commissioner to the state of the second		28 A. A. S. S. C.
ubmission Type 🦻 🖇	Conveyance Type	y/Agraement
Resubmission Olon Records		of Namo
Document ID9 Correction of PID Enter	Merger J. Other	
Corrective Document	Tablilla Constitution of the Constitution of t	
Real/ Fiens /	Dapartmantal FIG	The first of the second
de la composition de la company de la compan	Grancorporated	10 50 50 50 50 50 50 50 50 50 50 50 50 50
Name die 2		
	inglione and the second se	207.,21.200
Carle Carles and the applicate to a	reorration and the state of the	To the same and th
sceiving Party		TERRETARY OF THE TERRET
water a control of the same of the control of the	Business Credit Anc.	The second secon
A STATE OF THE STA	COPPORATION	
AUC MAC 54401-0	angton Street: 7th Floor	
des (in)		
omestic Representative N	ame and Address Energy to the first Book	matical Text Co. Co.
Name		
ddress (line 1)		
ddress (Jine 2)		
ddress (line t)		
ddress (tim 4)		
The state of the state of the state of	FOR OFFICE USE ONLY	

Public Duration reporting for this collection of intermetion is contracted to environe approximately 30 influence per Conser Street to be recorded, including the first reviewing the data tracked to complete the Conser Sharet. Sand comments reporting this business for the U.S. Patent and Trackment Collect, Chief patentiation (1990). See Code D.C. 20221 and to the Office of Intermediate and Registery (Artists, Office of Management and Supply Duration Project States (1990). See Code Code D.C. 20221 and to the Office of Intermediate and Registery (Artists, Office of Management and Supply Duration Project States (1990). See Code Code D.C. 20221 and to the Office of Intermediate and Registery (Artists, Office of Management Projects). See Code D.C. 20221 and to the Office of Intermediate and Internet Projects (1991). See Code D.C. 20221 and to the Office Office D.C. 20221 and to the Office Office D.C. 20221 and to the Office Office D.C. 20221 and to the Office D.C. 20221 and to the Office Office D.C. 20221 and to the Office D.C. 20221 and to the Office D.C. 20221 and to the Office Office D.C. 20221 and to the Office D.C. 20221 and the D.C.

Mail documents to be recorded with required cover sheet(s) information to: Commissioner of Patents and Trademarks, Box Assignments , Washington, D.C. 20231

PATENT

REEL: 011190 FRAME: 0933

FORM PTO	1619B	Page 2	U.S. Doğumlar Parit S. F.	ment of Commerce Statement Office TENT
or a proper comment of the property	ent Name and Address	Area Cole and Telephone N	lumber 602-257-7422	<i>\$</i> 7961
Namo	eacola balallocach (costa):			
Address din 1)	201 N. Central Aves	ute:3300	and the state of t	
Address (ire z)	Phoenix, Arlizona 8507	323300%	ر الله الله الله الله الله الله الله الل	
Address (ens s)	d over in Frag. City in 1886 Apr. 2 advise Africa (1894). But 1894 Arte and a side of Africa (1884). Arte and Africa (1884).	ALAST SALSTE AL MARKENSKI SALSKA A AMBRICA. Market Salster	land and the transfer of the second of the s	
Address (a.s. 4)	or producers are to a contract or produced by		ist konta u martinata i Arbanista i inagamente. Naturalista i inggrafia i inggrafia i inggrafia i inagamente i inggrafia i inagamente i inggrafia i inggrafia	
Pages	Erner the total number of pa including any avacriments.	iges of the attached conveyant	e document	
	Number(s) or Patent Nun	nber(5) Paint Mink, CO NOT EXTER BOT	The state of the s	Carrier Contraction of the Contr
Pat	ent Application Number(s)	King and the second second	Patent Number(s)	يدين المسافقة فالماء ولايات
08998285		05981 6043615		57.02304
<u> </u>	1.0.000	175153 26008784 172217 5876284	A PERSONAL PROPERTY OF THE PERSON OF THE PER	5655961 5752882
209134285 Vitale document to		5876297 5876297		Our Year
TO SHALL SEE THE FASTE AND	eration Treaty (PCI)	The property of the control of the c	AND CONTRACTOR AND CO	Antonia additional management
Ente	r PC 1 application rumbs If a U.S. Application Numbe		PCT	distriction of the second of t
has	not been essigned.		Second	and the second s
Yumber of P	Enter the to	tal number of properties involved	and the second s	And the second s
Fee Amount	i'	for Properties Listed (37 CFR	and a second sec	
Pencel	Account	osed M Deposit Account		
(Erser for	payment by deposit account of it add	ational less can be charged to the acco Deposit Account Number:	500.5.20	
		Authorization to charge additions	fies: Yes	N6 X
Statement a	nd Signature	·	la true and correct and	

Caralli Quality Constitute O

Carol M. Dahlberg Name of Person Signing

PATENT

REEL: 011190 FRAME: 0934

August 14, 2000

Date

	•	
5-25-00 <u>02</u>	.08P	P.0
PORM PTO-16 Explain 08/20/20 TMB 0851-0027	RECORDATION FORM COVERS CONTINUATION PATENTS ONLY	SHEET U.S. Department of Commerce Potent and Trickment Office PATENT
Conveying Par	ly(IBS) Mark if additional names of co	moving parties witnessed
Enter additional Co		Execution Date Month Day Year
Name (ine 1)		
Name (ine 2)		Emperior Pero
		Month buy Year
Riamo (tim 1)		
Name (the #		Execution Data Month: Day Year
Name (ine 1)		
Name the 2		
and the second s	19.2 Section 19.2	
Receiving Par Enter additional Re		Inemas of receiving parties attached
Name (line 1)		If document to be recorded in an analysement and the
Name (tire 2)		Extract provide and the
		States, 2) appointment of a final participation
Address (pine 1)	the second secon	Supplied Supplied
Address (line 2)		Acalpraint)
Address (ine t)	Sundountry	Zip Code
	Chy Sinacourty	
Name (line 1)		is document to be recorded is an analysement and the receiving party is not doculoted in the United
Nome (ine 2)		domiction in the United States, on appointment of a
Address (line 1)		States, on appointment of a dominate representative in a conclude. (Designation sound be a separate document from
Address (im 2)		Assignment)
Address (ine 3)	City StoryCountry	Zin Code
Application No	umber(s) or Patent Number(s) Mark if add Patent Application Number or the Patent Number (DO NOT ENTER	Rional numbers attached BOTH numbers for the same property).
Pat	ent Application Number(s)	Patent Number(s)
09036518	09086964 5741183	
60099921	09122437	
09245048	09134598	
U7242U40		

09104145

08865747

This Agreement, dated as of <u>July 21</u>, 2000 is made by and between ACRES GAMING INCORPORATED, a Nevada corporation, also known as Acres Gaming Inc. and Acres Gaming, Inc., and AGI DISTRIBUTION, INC., a Nevada corporation, whose address and principal place of business is 7115 Amigo Street, Suite 150, Las Vegas, Nevada 89119 (collectively, jointly and severally, the "Debtor"), and WELLS FARGO BANK MINNESOTA, NATIONAL ASSOCIATION, whose address and principal place of business is Sixth Street and Marquette Avenue, Minneapolis, Minnesota 55479 (the "Secured Party").

Recitals

The Debtor and the Secured Party have entered into a Credit and Security Agreement of even date herewith (as the same may hereafter be amended, supplemented or restated from time to time, the "Credit Agreement") setting forth the terms on which the Secured Party may now or hereafter make certain loans or other financial accommodations to or for the account of the Debtor.

As a further condition to making any loan or other financial accommodation under the Credit Agreement or otherwise, the Secured Party has required the execution and delivery of this Agreement by the Debtor.

ACCORDINGLY, in consideration of the mutual covenants contained in the Credit Agreement and herein, the parties hereby agree as follows:

1. <u>Definitions</u>. All terms defined in the Recitals hereto or in the Credit Agreement that are not otherwise defined herein shall have the meanings given to them therein. In addition, the following terms have the meanings set forth below:

"Obligations" means each and every debt, liability and obligation of every type and description arising under or in connection with any Loan Document (as defined in the Credit Agreement) which the Debtor may now or at any time hereafter owe to the Secured Party, whether such debt, liability or obligation now exists or is hereafter created or incurred and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several or joint and several, and including specifically, but not limited to, the Obligations (as defined in the Credit Agreement).

"Patents" means all of the Debtor's right, title and interest in and to patents or applications for patents, fees or royalties with respect to each, and including without limitation the right to sue for past infringement and damages therefor, and licenses thereunder, all as presently existing or hereafter arising or acquired, including without limitation the patents listed on Exhibit A.

"Trademarks" means all of the Debtor's right, title and interest in and to trademarks, service marks, collective membership marks, the respective goodwill associated with each, and licenses thereunder, all as presently existing or hereafter arising or acquired, including, without limitation, the marks listed on Exhibit B.

SKR:maw 352329.05 07/17/2000

- 2. <u>Security Interest</u>. The Debtor hereby irrevocably pledges and assigns to, and grants the Secured Party a security interest, with power of sale to the extent permitted by law (the "Security Interest"), in the Patents and in the Trademarks to secure payment of the Obligations.
- 3. <u>Representations, Warranties and Agreements</u>. The Debtor hereby represents, warrants and agrees as follows:
- power to and authority to make and deliver this Agreement. The execution, delivery and performance of this Agreement by the Debtor have been duly authorized by all necessary action of the Debtor's board of directors, and if necessary its stockholders, and do not and will not violate the provisions of, or constitute a default under, any presently applicable law or its articles of incorporation or bylaws or any agreement presently binding on it. This Agreement has been duly executed and delivered by the Debtor and constitutes the Debtor's lawful, binding and legally enforceable obligation. The correct name of the Debtor is ACRES GAMING INCORPORATED, also known as ACRES GAMING INC. and ACRES GAMING, INC. The authorization, execution, delivery and performance of this Agreement do not require notification to, registration with, or consent or approval by, any federal, state or local regulatory body or administrative agency.
- (b) Patents. Exhibit A accurately lists all Patents owned or controlled by the Debtor as of the date hereof, accurately reflects the existence and status of registrations pertaining to the Patents as of the date hereof, and accurately lists all applications for patens pending on the date hereof.
- (c) Trademarks. Exhibit B accurately lists all Trademarks owned or controlled by the Debtor as of the date hereof and accurately reflects the existence and status of Trademarks and all registrations pertaining thereto as of the date hereof.
- (d) Title. The Debtor has absolute title to each Patent and each Trademark listed on Exhibits A and B, free and clear of all security interests, liens and encumbrances, except the Security Interest. The Debtor (i) will have, at the time the Debtor acquires any rights in Patents or Trademarks hereafter arising, absolute title to each such Patent or Trademark free and clear of all security interests, liens and encumbrances, except the Security Interest, and (ii) will keep all Patents and Trademarks free and clear of all security interests, liens and encumbrances except the Security Interest.
- (e) No Sale. The Debtor will not sell or otherwise dispose of the Patents or Trademarks, or any interest therein, without the Secured Party's prior written consent.
- (f) Defense. Unless otherwise agreed by Secured Party, the Debtor will at its own expense, and using its best efforts, protect and defend the Patents and Trademarks against all claims or demands of all persons other than the Secured Party.
- (g) Maintenance. The Debtor will at its own expense maintain the Patents and the Trademarks to the extent reasonably advisable in its business including, but not limited to, filing all applications to register and all affidavits and renewals possible with respect to issued registrations. The Debtor covenants that it will not abandon nor fail to pay any

2

maintenance fee or annuity due and payable on any Patent or Trademark, nor fail to file any required affidavit in support thereof, without first providing the Secured Party: (i) sufficient written notice, as provided in the Credit Agreement, to allow the Secured Party to timely pay any such maintenance fees or annuity which may become due on any of said Patents or Trademarks, or to file any affidavit with respect thereto, and (ii) a separate written power of attorney or other authorization to pay such maintenance fees or annuities, or to file such affidavit, should such be necessary or desirable. Debtor will diffigently pursue all pending applications for patents and will take all reasonable actions to insure issuance thereof.

- Ecured Party's Right to Take Action If the Debtor fails to perform or observe any of its covenants or agreements set forth in this Section 3, and if such failure continues for a period of ten (10) calendar days after the Secured Party gives the Debtor written notice thereof (or, in the case of the agreements contained in subsection (g), immediately upon the occurrence of such failure; without notice or lapse of time), or if the Debtor notifies the Secured Party that it intends to abandon a Patent or Trademark the Secured Party may (but need not) perform or observe such covenant or agreement on behalf and in the name, place and stead of the Debtor (or; at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure.
- Costs and Expenses: Except to the extent that the effect of such payment would be to render any loan or forbearance of money usunous or otherwise illegal under any applicable law, the Debtor shall pay the Secured Party on demand the amount of all moneys expended and all costs and expenses (including reasonable attorneys; fees) incurred by the Secured Party in connection with or as a result of the Secured Party's taking action under subsection (h) or exercising at inghts under Section 6, together with interest thereon from the date expended or incurred by the Secured Party at the highest rate then applicable to any of the Obligations:
- under subsection (h) and exercising its rights under Section 6; the Debtor hereby irrevocably appoints (which appointment is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Debtor with the right (but not the duty) from time to time during a Default Period under the Credit Agreement to create, prepare complete, execute, deliver, endorse or file, in the name and on behalf of the Debtor, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by the Debtor under this Section 3, or, necessary for the Secured Party, after an Event of Default, to enforce or use the Patents or Trademarks or to grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Patents or Trademarks to any third party. The Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted herein shall terminate upon the termination of the Credit Agreement as provided therein and the payment and performance of all Obligations (as defined therein).
- (k) Intent to Use Applications. Debtor has or may have in the future considered the adoption of trademarks or service marks for which it has or will file applications for registration with the United States Patent and Trademark Office under Section 1 (b) of the Trademark Act ("intent to use"). The trademarks for which applications are so filed, and the

3

SKR:maw 352329.05 07/17/2000

applications filed in connection therewith are not Trademarks and are not subject to the security interest created herein. Debtor agrees that it will be an Event of Default under this Agreement if at any time any other person acquires any interest, including a security interest, in the trademarks or the applications. Debtor further agrees that upon issuance by the United States Patent and Irademark Office of any registration of any such marks, the marks so registered at that time shall become Trademarks under this Agreement and shall be subject to the security interest granted hereunder. Debtor shall use its best efforts to notify Secured Party of the issuance of any such registration and shall unless otherwise agreed by Secured Party, execute any document required at that time to perfect the security interest in such marks; and failure to do so shall be an Act of Defaultunder this Agreement.

- Debton's Use of the Patents and Trademarks. The Debtor shall be permitted to control and manage the Patents and Trademarks, including the right to exclude others from making using or selling items covered by the Patents and Trademarks and any licenses thereunder in the same manner and with the same effect as if this Agreement had not been entered into, so long as no Event of Default occurs and remains uncured.
- Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"): (a) an Event of Default, as defined in the Credit Agreement, shall occur; or (b) the Debtor shall fail promptly to observe or perform any covenant or agreement herein binding on at, or (c) any of the representations or warranties contained in Section 3 shall prove to have been incorrect in any material respects when made.
- 6 Remedies. Upon the occurrence of an Event of Default and at any time thereafter, the Secured Party may, at its option, take any for all of the following actions:
- (a) The Secured Party may exercise any or all remedies available under the Credit Agreement.
- (b) The Secured Party may sell, assign, transfer, pledge, encumber or otherwise dispose of the Patents and Trademarks
- (c) The Secured Party may enforce the Patents and Trademarks and any licenses thereunder, and if Secured Party shall commence any suit for such enforcement, the Debtor shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement.
- all necessary action, corporate or otherwise. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Secured Party. A waiver signed by the Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. The Secured Party shall not be obligated to preserve any rights the Debtor may have against prior parties, to realize on the Patents and Trademarks at all or in any particular manner or order, or to

4

SKR:maw 352329.05 07/17/2000

apply any cash proceeds of Patents and Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective participants, successors and assigns and shall take effect when signed by the Debtor and delivered to the Secured Party and the Debtor waives notice of the Secured Party's acceptance hereof/ The Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of the Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Algreement or of any financing statement signed by the Debtor shall have the same force and effect as the original for all purposes of a financing statement. This Agreement shall be governed by the internal law of Arizona without regard to conflicts of law provisions. If any provision of application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Agreement shall be construed as at the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations.

THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED ON OR PERTAINING TO THIS AGREEMENT

IN WITNESS WHEREOF the parties have executed this Patent and Frademark
Security Agreement as of the date written above

ACRES GAMING INCORPORATED

BY Will Au Alews/

11s SVP EFO Secretary & Treasurer

AGI DISTRIBUTION, INC., a Nevada corporation

Its Secretary 1 Treasurer

WELLS FARGO BANK MINNESOTA, NATIONAL ASSOCIATION

By Parks Text New Parks Ant

STATE OF ACTIONS
COUNTY OF MALCO

The foregoing instrument was acknowledged before me this 21 day of 1000 by 12-ed M. Alened the SVE CEO Sec-Tr. of Acres Gaming Incorporated a Nevada conporation, on behalf of the corporation.

(Seal and Expiration Date)



STATE OF BACTORS

COUNTY OF MANICOPE

The foregoing instrument was acknowledged before me this 21 day of 2000, by 2221 M. ANW the Sec + Nx. of AGI Distribution; Inc., a Nevada corporation, on behalf of the corporation.

(Seal and Expiration Date)

MYRNA A. WILLIAMS

MOBERTY Public - State of Articina

MARICOPA COUNTY

My:Comm Expires Luty 25: 2002

Muxma Quillams
Notary Public

STATE OF MINNESOFA COUNTRION HENNEPN

JULY The foregoing instrument was acknowledged before one this 24 day of CUSCO 2000; by BEGIT BUSCO

of Wells Fargo Bank Minnesota, National Association, on behalf of the association.

(Seal and Expiration Date)

Deal Callin

Notary Public



SKR:maw 352329.05 07/17/2000

7

EXHIBIT A

UNITIED STATIES ISSUED PATIENTS

Table:	Patent Number	Issue Date
Flashing and dimming fluorescent lamps for a gaming device	6,043,615	March 28, 2000
Electronic display with curved face	6,008,7.84	December 28; 1999
Method and apparatus for implementing a jackpot bonus on a network of gaming devices	5,876,284	March 2, 1999
Flashing and dimming fluorescent lamps for a gaming device	5,854,542	December 29, 1998
Method and apparatus for operating networked gaming devices	5,836,817	November 17, 1998
Method and apparatus for operating networked gaming devices	5,820,459	October 13, 1998
Method and apparatus for operating networked gaming devices	5,702,304	December 30, 1997
Method for operating networked gaming devices	5,655,961	August 12, 1997
Method and apparatus for operating networked gaming devices	5,752,882	May 19, 1998
Method and apparatus for operating networked gaming devices	5.741:383	Apal 2il (1998

FOREIGNISSUEDERATERES

Title	<u>Country</u> ,	Ratent Number	Issue Date
Networked Gaming Devices Using Bonus Token	Republic of South Africa	SA 99/2946	December 29, 1999
Method for Transferring Credit from One Gaming Machine to Another	Æepublic of South Africa	SA 99/2943	December 29, 1999
Method and Apparatus for Promoting Play on a Network of Gaming Devices	Republic of South Africa	SA 98/03158	October 27, 1999
Method and Apparatus for implementing in Video a Secondary Game Responsive to Player Interaction with a Primary Game	Republic of South Africa	SA 99/2942	December 29, 1999
A Method for Crediting a Player of an Electronic Gaming Device	Republic of South Africa	SA 99/2 9 45	December 29, 1999

A-1

SKR:maw 352329.05 07/17/2000

<u>PATENTS PENDING</u>

<u> Tirle</u>	erial Number	Date Filed
Method and Apparatus for Operating Networked Gaming Devices	08/9987285	December 24, 1997
Bonus Roken	60/083,302	April 28, 1998
Method for Transferring Credit from One Gaming Machinesto Another	09/134,285	August 14, 1998
Method and Apparatus for Promoting Play on a Network of Gaming Devices	09/425,544	Getöber 22, 1999
Method and Apparatus for Promoting Play on a Network of Gaming Devices	08/843,411	April 15, 1997
Computer Network for Controlling and Monitoring Gaming Devices	08/922/046	September 2, 1997
Method for CAswarding Variable Bonus Awards to Gaming Machines Over a Network	09/105,981	june 26, 1998
Operation of Gaming Machines in a Linked Bonus Prize Winning Mode	097075;153	May 8; 1998
Method for Providing Incentives to Play Gaming Devices Connected by a Network to a Host Computer	08/672/21/7	June 25, 11996
Video Puzzle Promotion for Networked Gaming Devices	09/036,518	March 6, 1998
Dynamic Threshold for Pool-Based Bonus Promotions in Electronic Gaming Systems	60/099,921	September 11, 1998
Dynamic Threshold for Pool-Based Bonus Promotions in Electronic Gaming Systems	09/245,048	February 4, 1999
Method and Apparatus Implementing in Video a Secondary Game Responsive to Player Interaction with a Primary Game	09/104,145	June 23, 1998
Gaming Device Sound System	08/865,747	May 30, 1997
Method and Apparatus for Controlling Cost of Playing Electronic Gaming Device	09/086;964	May 29, 1998

A-2

SKR:maw 352329.05 07/17/2000

	Title								<u>Serial</u>	Number	Date Filed
	Netw	örked	: Crec	lit Adj	ust≟ Mél	er for	Elei	stronic	09/1	22,437	July 24, 1998
			achine								in the state of th
4.1	30 加升	新疆协会	This 1- 7, 23 G . 1	Creditin	g a Play	∕∘of a	i Ele	ctronic	09/1	34,598	August 14, 1998
	Gami										
19 2	2000年1月1日	13 (15)	Gami	ing Ma	chine w	ith Loy	alty	Bonus	6071	31,453;	April 28, 1999
	Displ	物質							201	5 18501	August 30-1999
	Meth	ods o	i Prob	lem Gan	iing Miti	gaung		部分设置			

EXHIBIT B

UNITED STATES ISSUED TRADEMARKS SERVICE MARKS AND COLLECTIVE MEMBERSHIP MARKS

REGISTRATIONS

<u>Mark</u>	Registration Number	Registration Date:
PERSONAL PROGRESSIVES	2014409	illovember 5, 1996
MATCHPLAY	2145202	March 17, 1998
PROMAN	-2152917	April 21, 1998
SLOTMAN	2155419	May/5\ 11998
BONUSMAN	2178495	Jaly 14, 1998
HURRICANEIZONE	221 89674 u	Séptember 15, 1998
ACRESIGAMING	2206508	December 1, 1998.
TRACKMAN	2237064	April 6, 1999
SUPER REELS	2313114	. February 1,2000
LUCKY COIN	2333700	March 21, 2000
MONEYMINT	2343594	April 18 <u>;</u> 2000:
BONUSIENGINE	2353201	May:30, 2000

<u>APPLICATIONS</u>

Mark	<u>Serial Number</u>	Filing Date
ADD EM UP BONUS	75794348	September 8, 1999
ACRES	756233 5 7	January 19, 1999
ACRES BONUSING SYSTEM	75676087	April 5, 1999

B-1

SKR:maw 352329.05 07/17/2000

COLECTIVE MEMBERSHIP MARKS

NONE

IINREGISTERED MARKS

MUSICAL CHERRIES

PICK APRIZE

GUARDIAN

CHASE THE ACE

FAME OR FORTUNE

STARS AND STRIPES

STARS OR STRIPES

COINLESS TRANSIT

PROPHET

MERLIN

APPRECIATION TIME CELEBRATION PRIZES

FANTASY

POINTPLAY

RANDOM RICHES

RETURNPLAY

WELCOME BACK

WIZARD

XTRA CREDIT

MONEY BAGS

FREE-FOR-ALL

BIG SPIN BONUS

B-2

KR:maw 352329.05 07/17/2000

RECORDED: 08/24/2000

PATENT

FORX(_2:10-1619A

=03 - 2000

MINIMARIA DE LA COMPONIO DEL COMPONIO DE LA COMPONIO DEL COMPONIO DE LA COMPONIO DEL COMPONIO DE LA COMPONIO DEL COMPONIO DE LA COMPONIO DEL COMPONIO DEL COMPONIO DE LA CO

101504227

RECORDATION FORM COVER SHEET

Brain River de la Regita de la	Land of the state
	riscionerof Patents and Trademarks: Pearson con the successfunding document(s) or copy(les)
Submission	Type: \$ 97/80 Conveyance & pe
X New	Assignment Socurity Agreement
Resubint	salon (Non-Re-cordation)
Cocumen	
Correction	Mercol Mercol
Redir	Frame
	是一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个一个
A FIELDER WAR	American Ame
Conveying P	Party ((es))
Name (Im 1)	Acres Caming Jincorporated
Name (Bre 2)	是是中国企业中的企业的企业的企业。
	a Nevaca Corporation
Section Fait/	AGLDISECTOR FOR PACELLA PACELL
Name (tre 2)	a Nevaca corporation
	Big Vaddlight name of colling parties about
elicina (ana 1)	Wells Fargo Bank Winnesow, Naislona Association
	Wells Fargo Bank Minnesota National Association
Address (Fix 1)	Sixen Space and Manquette Avenue
national Control of the second	
Address (in 2)	Commence of the Commence of th
Address the S	Minnesota Mynesota
	The state of the s
Domestic R	epresentative Name and Address Energy for the first receiving Party only.
Name	and the second s
Address (time 1)	The second secon
Address fine 2	
FRANCE WARREN	
Address (ine t)	
Balding man	
Addres: 3 @ne/0	Enter the production of the control
	FOR OFFICE USE ONLY
	$(1+\delta_{1})_{1}$ $(2+\delta_{2})_{2}$ $(2+\delta_{2})_{3}$

Public brown reporting to the enterior of international by records by producing the U.S. Public brown and Transfer of the U.S. Public and Transfer of the U.S.

Mail documents to be recorded with required cover sheat(s) information to: Commissioner of Patenta and Trademarks, Box Assignments , Washington, D.C. 20231

PATENT

REEL: 011190 FRAME: 0948

FORM PTO-1819B:	Page 2	PATENT
orrespondent Name an	d Address Area Code and Letephone Number	التعاقب والمنافق والم
	en Giserosenie Ide Buch dan die der den der	Consideration of the second
A Late of the Section	Talkave jasuse 3300 ka kanana ja	British da and a salah da and a sala
deress (limes) Phoenbox, (A)	A CONTROL OF THE PROPERTY OF T	Editatish and a superior super
de os como		Carlot Children To a state had a second and a second as a second a
Company of the O		And the state of t
	intember of pages of the structured conveyance doct	iment
including an aplication Number(s) o	avachments :Patent:Number(\$)	Mark of the second seco
	Thursday as Paul Min (CONOTENTER BUTT) fumbe	n funce (s)
Patent Application 08998285 094255		854542
60083302 088434	6008784	836817
09184285	TOTAL SECTION	8204594
(And year transit to being the formation of the formation	er, criff is news Peaced Application, writer, the date is path in application.	Month Day
etent Cooperation (Tree	Control of the Contro	
Enter PC (applicated only If a US (Applicated only It a US (Applicated	on number	And the Pet
has not been assi umber of Properties	med:	Andrew Control of the
umba or eropa des	Enter the total number of properties involved.	29
se Amount	Fee Amount to Properties Listed (37 CFR 3-41):	\$ 1160.00
Method of Payment: Deposit Account	Enclosed 112 Deposit Account	
(Erass for payment by depos	Recount or If additional fees can be charged to the account.) Deposit Account Number:	500520
	Authorization to charge additional fees:	Yes No 🔀
tatement and Signature		
To the best of my kind	owledge and belief, the foregoing information is true to copy of the original document. Charges to depo	e and correct and any sit account are authorized, as
Indicated herein.	ning Signature	August 14, 2000
Carol M. Dahlberg		Hugust 11, 1000

~	•	u	

FORM PTO-1619C	RECORDATION FORM COVER'S CONTINUATION PATENTS ONLY	HEET US DEPOSITE SECTIONS PATENT
CONTROL PARTIES	The state of the s	Andrew An
Name (the 2		Constitution of the last of th
State (1 to 1)		Secretary New
Receiving (Party(189)) pherecipional Receiving 2000 Managem 1)	和11 12 11 11 11 11 11 11 11 11 11 11 11 1	memos of receiving parties districted
Address Grad		CONTROL OF THE PROPERTY OF THE
The second of the second		Verboard and the second and the seco
Name (as 7)		
		Section 1 and 1 an
Application Number(s) of Energy Application (Patent Application (19036518)	waterbur or the Patent Number (DO MOTENTER on Number(S)	Patent Number(s)
60099921 091224 09245048 091345		
09104145 601314 08865747 601515		

PATENT AND TRADEMARK SECURITY AGREEMENT

This Agreement, dated as of July 24, 2000 is made by and between ACRES GAMING INCORPORATED, a Nevada corporation, also known as Acres Gaming Inc. and Acres Gaming, Inc., and AGI DISTRIBUTION, INC., a Nevada corporation, whose address and principal place of business is 7115 Amigo Street, Suite 150, Las Vegas, Nevada 89119 (collectively, jointly and severally, the "Debtor"), and WELLS FARGO BUSINESS CREDIT, INC., a Minnesota corporation, whose address and principal place of business is 100 West Washington Street, 7th Floor, MAC S4101-076, Phoenix, AZ 85003 (the "Secured Party").

Recitals

The Debtor and the Secured Party have entered into a Credit and Security Agreement of even date herewith (as the same may hereafter be amended, supplemented or restated from time to time, the "Credit Agreement") setting forth the terms on which the Secured Party may now or hereafter make certain loans or other financial accommodations to or for the account of the Debtor.

As a further condition to making any loan or other financial accommodation under the Credit Agreement or otherwise; the Secured Party has required the execution and delivery of this Agreement by the Debtor.

ACCORDINGLY in consideration of the mutual covenants contained in the Credit Agreement and herein the parties hereby agree as follows:

1 <u>Definitions</u>: All terms defined in the Recitals hereto or in the Credit Agreement that are not otherwise defined herein shall have the meanings given to them therein. In addition, the following terms have the meanings set forth below:

"Obligations" means each and every debt, liability and obligation of every type and description arising under or in connection with any Loan Document (as defined in the Credit Agreement) which the Debtor may now or at any time hereafter owe to the Secured Party, whether such debt, liability or obligation now exists or is hereafter created or incurred and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, independent, joint, several or joint and several, and including specifically, but not limited to, the Obligations (as defined in the Credit Agreement).

"Patents" means all of the Debtor's right, title and interest in and to patents or applications for patents, fees or royalties with respect to each, and including without limitation the right to sue for past infringement and damages therefor, and licenses thereunder, all as presently existing or hereafter arising or acquired, including without limitation the patents listed on Exhibit A.

"Trademarks" means all of the Debtor's right, title and interest in and to trademarks, service marks, collective membership marks, the respective goodwill associated with each, and licenses thereunder, all as presently existing or hereafter arising or acquired, including, without limitation, the marks listed on Exhibit B.

JLH:maw 352264.04 07/17/2000

- 2. <u>Security Interest</u>. The Debtor hereby irrevocably pledges and assigns to, and grants the Secured Party a security interest, with power of sale to the extent permitted by law (the "Security Interest"), in the Patents and in the Trademarks to secure payment of the Obligations.
 - 3. Representations, Warranties and Agreements. The Debtor hereby represents warrants and agrees as follows:
- (a) Existence; Authority. The Debtor is a corporation, having full power to and authority to make and deliver this Agreement. The execution, delivery and performance of this Agreement by the Debtor have been duly authorized by all necessary action of the Debtor's board of directors, and if necessary its stockholders, and do not and will not violate the provisions of; or constitute a default under, any presently applicable law or its articles of incorporation or bylaws or any agreement presently binding on it. This Agreement has been duly executed and delivered by the Debtor and constitutes the Debtor's lawful, binding and legally enforceable obligation. The correct name of the Debtor is ACRES GAMING INCORPORATED, also known as ACRES GAMING INC: and ACRES GAMING, INC. The authorization, execution, delivery and performance of this Agreement do not require notification to, registration with, or consent or approval by, any federal state or local regulatory body or administrative agency.
- (b) Parents Exhibit A accurately lists all Parents owned or controlled by the Debtor as of the date hereof, accurately reflects the existence and status of registrations pertaining to the Patents as of the date hereof, and accurately lists all applications for patens pending on the date hereof.
- (c) Trademarks. Exhibit B accurately lists: all Trademarks owned or controlled by the Debtor as of the date hereof and accurately reflects the existence and status of Trademarks and all registrations pertaining thereto as of the date hereof.
- Trademark listed on Exhibits A and B, free and clear of all security interests, liens and encumbrances, except the Security Interest. The Debtor (i) will have, at the time the Debtor acquires any rights in Patents or Trademarks hereafter arising, absolute title to each such Patent or Trademark free and clear of all security interests, liens and encumbrances, except the Security Interest, and (ii) will keep all Patents and Trademarks free and clear of all security interests, liens and encumbrances except the Security Interest.
- (e) No Sale. The Debtor will not sell or otherwise dispose of the Patents or Trademarks, or any interest therein, without the Secured Party's prior written consent.
- (f) Defense. Unless otherwise agreed by Secured Party, the Debtor will at its own expense, and using its best efforts, protect and defend the Patents and Trademarks against all claims or demands of all persons other than the Secured Party.
- (g) Maintenance. The Debtor will at its own expense maintain the Patents and the Trademarks to the extent reasonably advisable in its business including, but not limited to, filing all applications to register and all affidavits and renewals possible with respect to issued registrations. The Debtor covenants that it will not abandon nor fail to pay any

maintenance fee or annuity que and payable on any Patent or Trademark, nor fail to file any required affidavit in support thereof, without first providing the Secured Party: (i) sufficient written notice; as provided in the Credit Agreement, to allow the Secured Party to timely pay any such maintenance fees or annuity which may become due on any of said Patents or Trademarks, or to file any affidavit with respect thereto, and (ii) a separate written power of attorney or other authorization to pay such maintenance fees or annuities, or to file such affidavit, should such be necessary or desirable. Debtor will diligently pursue all pending applications for patents and will take all reasonable actions to insure issuance thereof.

- (h) Secured Party's Right to Take Action. If the Debtor fails to perform or observe any of its covenants or agreements set forth in this Section 3; and if such failure continues for a period of ten (10) calendar days after the Secured Party gives the Debtor written notice thereof (or, in the case of the agreements contained in subsection (g), immediately upon the occurrence of such failure, without notice or lapse of time) or if the Debtor notifies the Secured Party that it intends to abandon a Patent or Trademark, the Secured Party may (but need not) perform or observe such covenant or agreement on behalf and in the name, place and stead of the Debtor (or, at the Secured Party's option, in the Secured Party's own name) and may (but need not) take any and all other actions which the Secured Party may reasonably deem necessary to cure or correct such failure.
- (i) Costs and Expenses: Except to the extent that the effect of such payment would be to render any loan or forbearance of money usurious or otherwise illegal under any applicable law; the Debtor shall pay the Secured Party on demand the amount of all moneys expended and all-costs and expenses (including reasonable attorneys) fees) incurred by the Secured Party in connection with or as a result of the Secured Party's taking action under subsection (h) or exercising its rights under Section 6; together with interest thereon from the date expended or incurred by the Secured Party at the highest rate then applicable to any of the Obligations.
- under subsection (h) and exercising its rights under Section 6, the Debtor hereby irrevocably appoints (which appointed is coupled with an interest) the Secured Party, or its delegate, as the attorney-in-fact of the Debtor with the right (but not the duty) from time to time during a Default Period under the Credit Agreement to create, prepare, complete, execute, deliver, endorse or file, in the name and on behalf of the Debtor, any and all instruments, documents, applications, financing statements, and other agreements and writings required to be obtained, executed, delivered or endorsed by the Debtor under this Section 3, or, necessary for the Secured Party, after an Event of Default, to enforce or use the Patents or Trademarks or to grant or issue any exclusive or non-exclusive license under the Patents or Trademarks to any third party, or to sell, assign, transfer, pledge, encumber or otherwise transfer title in or dispose of the Patents or Trademarks to any third party. The Debtor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. The power of attorney granted herein shall terminate upon the termination of the Credit Agreement as provided therein and the payment and performance of all Obligations (as defined therein).
- (k) Intent to Use Applications. Debtor has or may have in the future considered the adoption of trademarks or service marks for which it has or will file applications for registration with the United States Patent and Trademark Office under Section 1 (b) of the Trademark Act ("intent to use"). The trademarks for which applications are so filed, and the

JLH:maw 352264.04 07/17/2000

applications filed in connection therewith are not Trademarks and are not subject to the security interest created herein. Debtor agrees that it will be an Event of Default under this Agreement if at any time any other person acquires any interest, including a security interest, in the trademarks of the applications. Debtor further agrees that upon issuance by the United States Patent and Trademark Office of any registration of any such marks, the marks so registered at that time shall become Trademarks under this Agreement and shall be subject to the security interest granted hereunder. Debtor shall use its best efforts to notify Secured Party of the issuance of any such registration, and shall unless otherwise agreed by Secured Party, execute any document required at that time to perfect the security interest in such marks, and failure to do so shall be an Act of Default under this Agreement.

- 4. <u>Debtor's Use of the Patents and Trademarks</u>. The Debtor shall be permitted to control and manage the Patents and Trademarks including the right to exclude others from making, using or selling items covered by the Patents and Trademarks and any licenses thereunder, in the same manner and with the same effect as if this Agreement had not been entered into so long as no Event of Default occurs and remains uncured.
- Events of Default | Each of the following occurrences shall constitute an event of default under this Agreement (herein called Event of Default): (a) an Event of Default, as defined in the Gredit Agreement; shall occur; or (b) the Debtor shall fail promptly to observe or perform any covenant or agreement herein binding on it; or (c) any of the representations or warranties contained in Section 3 shall prove to have been incorrect in any material respect when made
- 6 Remedies Upon the occurrence of an Event of Default and at any time thereafter, the Secured Party may, at its option, take any or all of the following actions:
- (a) The Secured Party may exercise any or all remedies available under the Credit Agreement.
- (b) The Secured Party may sell, assign, transfer, pledge, encumber or otherwise dispose of the Patents and Trademarks.
- (c) The Secured Party may enforce the Patents and Trademarks and any licenses thereunder, and if Secured Party shall commence any suit for such enforcement, the Debtor shall, at the request of Secured Party, do any and all lawful acts and execute any and all proper documents required by Secured Party in aid of such enforcement.
- all necessary action, corporate or otherwise. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by the Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly or concurrently, at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. The Secured Party shall not be obligated to preserve any rights the Debtor may have against prior parties, to realize on the Patents and Trademarks at all or in any particular manner or order, or to

apply any cash proceeds of Patents and Trademarks in any particular order of application. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective participants, successors and assigns and shall take effect when signed by the Debtor and delivered to the Secured Party, and the Debtor waives notice of the Secured Party's acceptance hereof. The Secured Party may execute this Agreement if appropriate for the purpose of filing, but the failure of the Secured Party to execute this Agreement shall not affect or impair the validity or effectiveness of this Agreement. A carbon, photographic or other reproduction of this Agreement or of any financing statement signed by the Debtor shall have the same force and effect, as the original for all purposes of a financing statement. This Agreement shall be governed by the internal law of Arizona without regard to conflicts of law provisions. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution; delivery and performance of this Agreement and the creation and payment of the Obligations.

THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION OR PROCEEDING BASED ON OR PERTAINING TO THIS AGREEMENT:

IN WITNESS WHEREOF, the parties have executed this Patent and Trademark.
Security Agreement as of the date written above.

ACRES GAMING INCORPORATED

By Mid M Alive!

Its SVO, CFO, Secretary & Treasure.

AGI DISTRIBUTION, INC., a Nevada corporation

By Reld M Alewel

Its Secretary & Treasurer

WELLS FARGO BUSINESS CREDIT, INC.

Its assortable President

The foregoing instrument v 2000, by Zeed	vas acknowledged before me this 21 day of MANEWEL the SWP CEO, Sec = Vic. corporation.
(Seal and Expiration Date) MYR NA A WILLIAMS Nobry Public State of Avizona Maricopa County	Mission Quality Public Notary Public
My comm Expressury 20 2002 STATE OF ACC 20 NO.	
。	vas acknowledged before me this 2 day of A. Akewel the Sec TV: ration, on behalf of the corporation.
(Seal and Expiration Date) OFFICIAL SEAL MYRINA'A WILLIAMS Notary Public State of Artiona MARICOPA COUNTY My Comm. Expires July 28:2002	Manual Williams Notary Public
STATE OF ANTICOP	
The foregoing instrument 2000, by Office of Wells Fargo Business Credit, Inc., a M	was acknowledged before me this 2 day of Misching A.
(Seal and Expiration Date)	Myna Q Williams Notary Public

<u>EXHIBIT A</u>

UNITED STATES ISSUED PATENTS

ande	Patent Number	Issue Date
Flashing and dimming fluorescent lamps for a gaming device	6,043,615	March 28, 2000
Electronic display with curved face	6:008:784	December 28, 1999
Method and apparatus for implementing a jackpor bonus on a	5,876,284	Merch 2, 1999
network of ganing devices	5,854,542	December 29, 1998
Flashing and dimming fluorescent lamps for a gaming device	5:836:817	November 17, 1998
Method and apparatus for operating networked gaming devices. Method and apparatus for operating networked gaming devices.	5,820,459	Øctaber 13,-1998
Method and apparatus for operating networked gaming devices	5,702,304	December 30, 1997
Method for operating networked gaming devices	-5,655;961	August 12, 1997
Method and apparatus for operating networked gaming devices	5,752,882	May 19, 1998
Methodiandiapparatus for operating networked gaming devices	5,7415,183	April 21, 1998

FOREIGN ISSUED PATENTS

<u>Tifle</u>	Country.	Patent Number.	Issue Date
Networked Gaming Devices Using Bonus Token	Republic of South Africa	SA 99/2946	December 29, 1999
Method for Transferring Credit from One Gaming Machine to Another	Republic of South Africa	SA 99/2943	December 29, 1999
Method and Apparatus for Promoting Play on a Network of Gaming Devices	Republic of South Africa	SA 98/03158	October 27, 1999
Method and Apparatus for Implementing in Video a Secondary Game Responsive to Player Interaction with a Primary Game	Republic of South Africa	SA 99/2942	December 29, 1999
A Method for Crediting a Player of an Electronic Gaming Device	Republic of South Africa	SA 99/2945	December 29, 1999

A-1

JLH:maw 352264.04 07/17/2000

PATENTS PENDING

Title	Serial Number	Date Filed
Method and Apparatus for Operating Networked Gaming Devices	08/998/285	December 24, 1997
Bonus Token	60/083,302	April 28, 1998
Method for Transferring Credit from One Gaming Machine to Another	09/134,285	August 14,1998
Method and Apparatus for Promoting Play on a Network of Gaming Devices	09/425,544	October 22, 1999
Method and Apparatus for Promoting Play on a Network of Gaming Devices	08/843,411	April 15, 1997
Computer Network for Controlling and Monitoring Gaming Devices	08/922/046	September 2, 1997
Method for: Awarding Variable Bonus Awards to Gaming Machines Over a Network	09/105,981	June 26, 1998
Operation of Gaming Machines, in a Linked Bonus + Prize Winning Mode	09/07/5,1153	May 8, 1998
Method for Providing Incentive to Play Gaming Devices Connected by a Network to a Host Computer	08/672,217	June 25, 1996
Video Puzzle Promotion for Networked Gaming Devices	09/036,518	March 6, 1998
Dynamic Threshold for Pool-Based Bonus Promotions in Electronic Gaming Systems	60/099,921	September 11, 1998
Dynamic Threshold for Pool-Based Bonus Promotions in Electronic Gaming Systems	09/245,048	February 4, 1999
Method and Apparatus Implementing in Video a Secondary Game Responsive to Player Interaction with a Primary Game	09/104,145	June 23, 1998
Gaming Device Sound System	08/865,747	May 30, 1997
Method and Apparatus for Controlling Cost of Playing Electronic Gaming Device	09/086,964	May 29, 1998

A-2

JLH:maw 352264.04 07/17/2000

Title		Serial Number	Date Filed
Networked Credit Av	just Meter for Elect	ronic 09/122,437	July 24, 19 98
Gaming Machines			
(報道なる際に関する保証的である。ないではないでは、ないとなり、できていい。	ng a Play of an Elect	rônic 09/134,598	August 14, 1998
Gaming Device	To the property of the second		
Electronic Gaming M Display	achine with Loyalty B	30nus 607131,453	April 28, 1999
			August 30, 1999
Methods of Problem Ga	ming Mitigating	60/151,501	August 50, 1999

EXHIBIT B

UNITED STATES ISSUED TRADEMARKS, SERVICE MARKS AND COLLECTIVE MEMBERSHIP MARKS

<u>REGISTRATIONS</u>

Mark		Registration Number	Registration Date
PERSONAL PROGI	RESSIVES	2014409	November 5, 1996
MATCHPLAY		2145202	March 17, 1998
PROMAN		2152917	April 21, 1998
SLOTMAN		211554119	May 5, 1998
BONUSMAN		2173495	July 14, 1998
HURRICANE ZON		2189674	September 15, 1998
ACRES GAMING		2206508	December 1, 1998
TRACKMAN		2237064	April 6; 1999
SUPER REELS		2313)114	February 1, 2000
lucky com		2333700	March 21, 2000
MONEYMINT		2343594	April 18, 2000
BONUS ENGINE		2353201	May 30, 2000

APPLICATIONS

<u>Mark</u>	Serial Number	Filing Date
ADD 'EM UP BONUS	75794348	September 8, 1999
ACRES	75623357	January 19, 1999
ACRES BONUSING SYSTEM	75676087	April 5, 1999

B-1

JLH:maw 352264.04 07/17/2000

<u>COM ECTIVE MEMBERSHIP MARKS</u>

NONE

<u>UNRECISTERED MARKS</u>

MUSICAL OHERRIES PICK A PRIZE GUARDIAN CHASE THE ACE FAME OR FORTUNE STARS AND STRIPES STARS OR STRIPES CONLESSTRANSIT PROPHET MERLIN ARPRICIAMIONALIME CELEBRATION PRIZES FANTASY POINTPLAY RANDOMRICHES RETURNPLAY WELCOME BACK **WIZARD** XTRA CREDIT MONEY BAGS FREE-FOR-ALL **BIG SPIN BONUS**

B-2

717/2000

RECORDED: 08/24/2000

This Page is Inserted by IFW Indexing and Scanning Operations and is not part of the Official Record

BEST AVAILABLE IMAGES

Defective images within this document are accurate representations of the original documents submitted by the applicant.

Defects in the images include but are not limited to the items checked:

BLACK BORDERS

IMAGE CUT OFF AT TOP, BOTTOM OR SIDES

FADED TEXT OR DRAWING

BLURRED OR ILLEGIBLE TEXT OR DRAWING

SKEWED/SLANTED IMAGES

COLOR OR BLACK AND WHITE PHOTOGRAPHS

GRAY SCALE DOCUMENTS

LINES OR MARKS ON ORIGINAL DOCUMENT

REFERENCE(S) OR EXHIBIT(S) SUBMITTED ARE POOR QUALITY

IMAGES ARE BEST AVAILABLE COPY.

□ OTHER:

As rescanning these documents will not correct the image problems checked, please do not report these problems to the IFW Image Problem Mailbox.